

Massachusetts Acute Hospital Financial Performance Fiscal Year 2014: Data through March 31, 2014



October 2014

About this Report

This report provides an update on the profitability, liquidity, and solvency of acute care hospitals for FY14: Data through March 31, 2014 (Current Period). For each financial measure, financial accounting ratios are used to compare hospital performance in the current period to prior periods and to overall statewide performance, and compare the performance of the following acute hospital cohorts: Academic Medical Centers (AMCs), teaching hospitals, community hospitals, and community-Disproportionate Share Hospitals (DSH).

Key Findings

- Profitability, as measured by median total margin, decreased from year-end FY13 across all cohorts with the exception of the community-DSH cohort, which had no change.
- Liquidity remained stable; most hospitals had ratios that indicated all current liabilities could be adequately met.
- Solvency improved for most hospital cohorts with the exception of the community hospital cohort, which remained essentially unchanged.

Profitability

Acute hospital profitability, as measured by median total margin, declined from 4.1% in FY13 to 2.7% in the current period.

Median profitability declined for all cohorts during the current period with the exception of community-DSH, which was unchanged. In FY13, 84% of hospitals were profitable, compared to 76% in the current period. Teaching hospitals remained the most profitable cohort. The community hospital cohort had the largest decrease in median total margin from 3.6% in FY13 to 1.7% in the current period.

Liquidity

Acute hospital liquidity, as measured by median current ratio, remained stable. The AMC cohort remained the most liquid, with all hospitals in the cohort reporting a current ratio above 1.0, which indicates a hospital has sufficient current assets to meet current liabilities. Eleven hospitals had current ratios significantly less (<.07); however, all but one of these hospitals are part of larger health systems which may use additional resources to meet current liabilities.

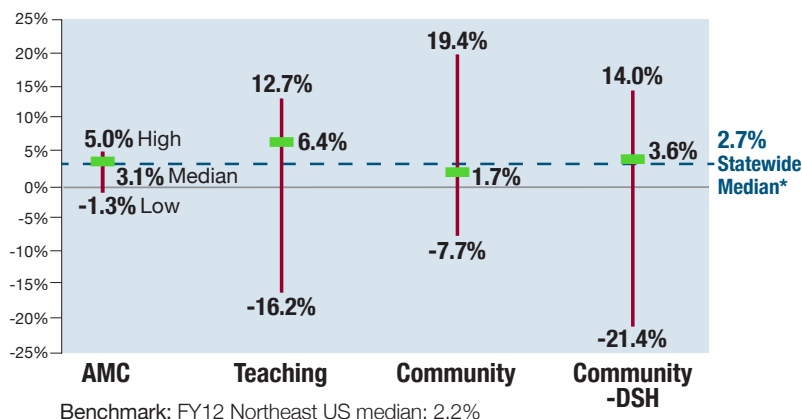
Solvency

Acute hospital solvency is measured here by the equity financing ratio. A lower ratio indicates a hospital may have difficulty taking on additional debt, whereas a higher ratio indicates it may be managing debt well. Median hospital solvency improved in each of the past five periods, and is currently higher than the FY12 Northeast median, the last period for which regional data is available. Most cohorts increased equity financing ratios during the current period, while the community hospital cohort remained essentially unchanged. All AMC cohort hospitals had positive equity financing ratios. Only 16% of all hospitals had a negative ratio; nine of the ten hospitals with negative ratios are part of larger health systems and may have access to financial resources through their parent organizations.

For additional information and descriptions of the metrics, please see Technical Appendix and Databook.

*Statewide medians include the four specialty hospitals.

Total Margin Median and Range by Cohort



Total Margin Median Trend by Cohort

	FY10	FY11	FY12	FY13	Current Period	
Statewide Median* (63 hospitals)	2.6%	2.1%	3.8%	4.1%	2.7%	
AMC (6 hospitals)	4.6%	3.8%	3.6%	4.6%	3.1%	
Teaching (9 hospitals)	5.3%	1.9%	8.4%	7.6%	6.4%	
Community (22 hospitals)	2.8%	2.0%	2.5%	3.6%	1.7%	
Community-DSH (22 hospitals)	1.9%	0.7%	5.6%	3.6%	3.6%	

Equity Financing Median Trend by Cohort

	FY10	FY11	FY12	FY13	Current Period	
Statewide Median* (63 hospitals)	39.2%	39.6%	42.0%	48.6%	51.1%	
AMC (6 hospitals)	36.1%	33.1%	28.3%	40.2%	41.1%	
Teaching (9 hospitals)	44.7%	40.1%	40.6%	49.5%	51.3%	
Community (22 hospitals)	35.2%	33.9%	36.2%	44.8%	44.6%	
Community-DSH (22 hospitals)	43.7%	22.5%	42.3%	47.7%	53.9%	

Hospital Name	Cohort	Operating Margin	Non-Operating Margin	Total Margin	Current Ratio	Equity Finance	Profit (Loss)
Multi-Hospital Systems							
Baystate Health							\$50,433,000
Baystate Franklin Medical Center	D	-1.8%	0.4%	-1.4%	1.6	62.6%	(\$540,000)
Baystate Mary Lane Hospital	C	-9.8%	3.1%	-6.7%	1.7	73.9%	(\$849,000)
Baystate Medical Center^	T	6.0%	3.8%	9.7%	2.9	51.3%	\$51,822,000
Berkshire Health Systems							\$15,713,621
Berkshire Medical Center^	T	4.2%	3.1%	7.3%	1.1	62.0%	\$13,694,232
Fairview Hospital	D	5.9%	2.6%	8.5%	1.0	57.0%	\$2,019,389
Cape Cod Healthcare							\$15,166,696
Cape Cod Hospital	D	3.1%	1.4%	4.5%	1.6	55.2%	\$9,554,235
Falmouth Hospital	D	4.4%	3.2%	7.6%	0.9	75.2%	\$5,612,461
CareGroup							\$54,361,221
Beth Israel Deaconess Hospital - Milton	C	1.0%	1.9%	2.8%	2.0	56.5%	\$1,173,783
Beth Israel Deaconess Hospital - Needham	C	1.1%	1.2%	2.3%	2.0	45.2%	\$805,026
Beth Israel Deaconess Hospital - Plymouth	C	-4.3%	1.6%	-2.7%	1.6	40.6%	(\$2,544,872)
Beth Israel Deaconess Medical Center	A	1.5%	3.6%	5.0%	3.6	57.2%	\$35,713,655
Mount Auburn Hospital	T	4.6%	5.5%	10.1%	4.9	61.0%	\$16,827,451
New England Baptist Hospital	S	0.3%	1.7%	2.0%	3.5	48.4%	\$2,386,178
Heywood Healthcare							\$3,013,589
Athol Memorial Hospital	D	6.5%	0.2%	6.7%	0.6	25.9%	\$722,779
Heywood Hospital	D	2.1%	2.4%	4.4%	1.0	53.1%	\$2,290,810
Lahey Health System							\$33,748,930
Lahey Clinic	T	6.1%	0.3%	6.4%	4.9	41.1%	\$25,025,234
Northeast Hospital	C	2.8%	2.5%	5.3%	1.9	52.3%	\$8,723,696
Partners HealthCare System							\$132,255,000
Brigham and Women's Faulkner Hospital	T	4.8%	-0.0%	4.8%	1.2	53.7%	\$4,901,000
Brigham and Women's Hospital	A	4.9%	0.0%	5.0%	1.4	17.2%	\$61,423,000
Cooley Dickinson Hospital	C	2.7%	0.0%	2.7%	1.2	45.1%	\$2,070,000
Martha's Vineyard Hospital	C	-5.2%	6.5%	1.4%	2.4	89.9%	\$457,000
Massachusetts General Hospital	A	4.7%	0.0%	4.7%	1.6	57.3%	\$76,143,000
Nantucket Cottage Hospital	C	-14.1%	6.4%	-7.7%	0.7	91.3%	(\$1,251,000)
Newton-Wellesley Hospital	C	1.1%	-0.3%	0.8%	1.1	35.6%	\$1,693,000
North Shore Medical Center	D	-6.0%	-0.4%	-6.4%	2.0	7.0%	(\$13,181,000)
Steward Health Care System							\$6,464,963
Merrimack Valley*	D	-18.8%	0.0%	-18.8%	0.3	-98.7%	(\$2,382,428)
Morton Hospital*	D	2.3%	0.0%	2.3%	0.5	-3.5%	\$677,803
Nashoba Valley Medical Center*	C	4.5%	0.0%	4.5%	0.5	-13.1%	\$537,157
Quincy Medical Center*	D	-21.4%	0.0%	-21.4%	0.2	-39.8%	(\$4,132,770)
Steward Carney Hospital^*	T	-16.2%	0.0%	-16.2%	0.2	-37.5%	(\$3,680,958)
Steward Good Samaritan Medical Center*	D	4.5%	0.1%	4.6%	0.4	-1.4%	\$2,770,464
Steward Holy Family Hospital*	D	2.7%	-0.2%	2.4%	0.8	5.2%	\$1,063,700
Steward Norwood Hospital*	C	1.2%	0.0%	1.2%	0.4	-32.5%	\$504,735
Steward Saint Anne's Hospital*	D	13.9%	0.1%	14.0%	1.2	56.0%	\$8,150,735
Steward St. Elizabeth's Medical Center*	T	3.7%	0.0%	3.8%	0.3	-7.9%	\$2,956,525
UMass Memorial Health Care							(\$5,289,514)
Clinton Hospital	D	-4.2%	1.5%	-2.7%	0.6	49.9%	(\$342,000)
HealthAlliance Hospital	D	0.4%	2.3%	2.7%	2.1	81.1%	\$2,121,486
Marlborough Hospital	C	-3.9%	3.0%	-0.9%	0.8	40.4%	(\$339,000)
UMass Memorial Medical Center^	A	-2.0%	1.1%	-1.0%	1.3	25.0%	(\$7,002,000)
Wing Memorial Hospital	D	-0.9%	1.5%	0.6%	1.8	63.4%	\$272,000
Tenet Healthcare							\$11,355,069
MetroWest Medical Center*	C	-2.5%	0.0%	-2.5%	1.6	-61.9%	(\$1,516,650)
Saint Vincent Hospital^*	T	12.7%	0.0%	12.7%	1.4	174.4%	\$12,871,719
Individual Hospitals							
Anna Jaques Hospital	C	-0.8%	0.2%	-0.6%	2.9	33.2%	(\$350,655)
Boston Children's Hospital	S	6.1%	3.7%	9.7%	7.9	72.6%	\$68,055,000
Boston Medical Center^	A	-0.2%	1.6%	1.4%	1.7	60.2%	\$7,407,000
Cambridge Health Alliance^*	T	-7.6%	1.2%	-6.4%	1.1	25.3%	(\$24,990,897)
Dana-Farber Cancer Institute	S	-4.8%	9.6%	4.8%	1.3	67.0%	\$26,037,045
Emerson Hospital	C	0.1%	0.3%	0.4%	1.7	27.6%	\$397,684
Hallmark Health	C	-3.6%	5.1%	1.5%	3.8	51.1%	\$1,976,000
Harrington Memorial Hospital	C	-0.3%	3.8%	3.4%	1.0	62.8%	\$1,985,630
Holyoke Medical Center	D	1.7%	0.4%	2.1%	1.3	13.3%	\$1,282,577
Lawrence General Hospital	D	3.5%	1.4%	4.8%	2.2	54.7%	\$5,403,000
Lowell General Hospital	C	0.2%	1.6%	1.8%	1.6	35.9%	\$3,687,048
Massachusetts Eye and Ear Infirmary	S	-1.9%	2.6%	0.7%	1.7	56.1%	\$797,626
Mercy Medical Center*	D	5.7%	0.2%	5.9%	3.3	58.8%	\$10,933,813
Milford Regional Medical Center	C	2.0%	1.3%	3.3%	3.8	42.0%	\$3,018,765
Noble Hospital	D	1.5%	0.3%	1.8%	0.5	-12.1%	\$516,813
Signature Healthcare Brockton Hospital	D	6.3%	1.2%	7.5%	1.5	58.1%	\$8,667,270
South Shore Hospital	C	3.8%	0.5%	4.3%	1.9	44.2%	\$10,520,941
Southcoast Hospitals Group	D	5.7%	3.1%	8.8%	1.6	57.9%	\$32,634,320
Sturdy Memorial Hospital	C	6.6%	12.8%	19.4%	11.2	92.3%	\$17,319,769
Tufts Medical Center	A	-2.4%	1.1%	-1.3%	2.1	17.1%	(\$4,446,000)
Winchester Hospital	C	0.6%	1.9%	2.5%	1.5	62.2%	\$3,270,005

A: Academic Medical Center C: Community Hospital

D: Community-DSH

T: Teaching Hospital

S: Specialty Hospital

^ Indicates hospital meets DSH criteria

Note: Profitability percentages may not add due to rounding.

* Data reported on an alternative fiscal year.